

Message Text

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ACTION SCI-06

INFO OCT-01 EUR-25 ADP-00 ABF-01 NSF-04 OMB-01 HEW-08

AEC-11 ACDA-19 TRSE-00 CU-04 NAS-01 SCEM-02 INT-08

CEQ-02 AGR-20 EPA-04 IO-13 EB-11 COME-00 CIAE-00

DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 PM-07

H-02 INR-10 L-03 NSC-10 PA-03 RSC-01 PRS-01 SS-15

RSR-01 /194 W

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E. O. 11652: N/ A

TAGS: OSCI ABUD AFIN TECH YO

SUBJ: US- YUGOSLAV SCIENTIFIC COOPERATION (SFCP)

REF A. STATE 121498 B. STATE 107949

SUMMARY: BEOGRADSKA BANKA NOW PREPARED OFFER FIVE PERCENT INTEREST

ON DEMAND DEPOSIT AND SEVEN TO EIGHT PERCENT ON TIME DEPOSIT FOR JOINT FUND. FAISECTC BELIEVES JULY 16 MEETING WOULD BE OF MARGINAL BENEFIT BUT PREPARED TO PROCEED IF THE DEPARTMENT CONSIDERS IT ABSOLUTELY ESSENTIAL. WE URGENTLY NEED (A) APPROPRIATION NUMBER FOR DEPOSIT TO JOINT FUND, (B) INSTRUCTIONS ON HOW FUNDS SHOULD BE DEPOSITED AMONG VARIOUS ALTERNATIVES, (C) GUIDANCE ON WHETHER JULY 16 MEETING STILL DESIRED AND IF SO. (D) AMENDMENT SCIENCE ATTACHE ORDERS TO POSTPONE HIS HOME LEAVE. END SUMMARY.

1. FIRST MEETING OF JOINT COMMITTEE WAS HELD JUNE 20 AT GOY REQUEST FOR FOLLOWING REASONS:

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A. CLEAR INSTRUCTIONS FROM DEPARTMENT INDICATING NECESSITY HOLD FIRST MEETING SUFFICIENTLY BEFORE JUNE 30 TO PERMIT FISCAL ASPECTS TO BE SETTLED AND THAT ESSENTIAL PURPOSE OF FIRST MEETING WAS TO APPOINT TREASURER, COUNTERSIGNER AND DESIGNATE BANK DEPOSITORY.

B. INABILITY OF BOARD MEMBER JELIC TO ATTEND JUNE 25 MEETING.

C. NECESSITY FOR MORE LEAD TIME PERMIT SETTING UP FUNDING MECHANISM AND MAKE DEPOSIT BY JUNE 30 AS CALLED FOR UNDER AGREEMENT. WE HAVE BEEN WORKING ON FUNDING MECHANISM FIVE DAYS ALREADY, THUS CLEARLY INDICATING IT WOULD HAVE BEEN VIRTUALLY IMPOSSIBLE TO COMPLETE ALL DETAILS IF ACTION HAD BEEN DELAYED UNTIL JUNE 25.

2. ECONOMIC/ COMMERCIAL COUNSELOR, SCIENCE ATTACHE AND RAJACIC MET WITH BEOGRADSKA BANKA GENERAL MANAGER STANISLAVELJEV AGAIN TO DISCUSS INTEREST RATE. WE STRESSED IMPORTANCE OF THE COOPERATIVE SCIENTIFIC AND TECHNICAL RESEARCH PROGRAM IN OUR BILATERAL RELATIONS AND HOPE THAT INTEREST INCOME COULD BE MAXIMIZED. FOLLOWING ARE THREE ALTERNATIVE POSSIBILITIES WHICH THE BANK WOULD BE PREPARED TO OFFER:

A. DEMAND DEPOSIT -- FIVE PERCENT INTEREST.

B. TIME DEPOSIT FOR 13 MONTHS -- SEVEN TO 7.5 PERCENT INTEREST.

C. TIME DEPOSIT FOR 24 MONTHS - EIGHT PERCENT INTEREST.

STANISLAVELJEV EXPLAINED THAT INTEREST RATES ON TIME DEPOSITS WERE TENDING TO DECLINE AND THAT THE BANK WAS MAKING A SPECIAL CONCESSION ON THE RATE FOR A DEMAND DEPOSIT ACCOUNT IN THE INTEREST OF PROMOTING US- GOY SCIENTIFIC AND TECHNICAL COOPERATION. STANISLAVELJEV SAID WITHDRAWAL FROM TIME DEPOSITS CAN BE MADE SEMI- ANNUALLY, AND THERE WAS FLEXIBILITY IN SHIFTING FROM ONE ACOOUNT TO ANOTHER.

3. WE DREW ON PARA ONE REFTTEL A IN DISCUSSION WITH RAJACIC DEPARTMENT' S PROPOSAL FOR JULY 16 BOARD MEETING TO CONSIDER ADMINISTRATIVE PROCEDURES, APPROPRIATE BANK ACCOUNTS FOR JOINT FUND AND APPROVAL OF PROJECTS. FAISECTC FEELS SUCH A MEETING WOULD BE OF MARGINAL BENEFIT. IN OUR VIEW, ACCOUNTS FOR JOINT FUND SHOULD BE WORKED OUT BEFORE JULY 16. RAJACIC REITERATED, HOWEVER, THAT IF DEPARTMENT CONSIDERS IT ABSOLUTELY ESSENTIAL OR " IF SOMETHING WOULD LIMITED OFFICIAL USE

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BE LOST," THEN FAISECTC WOULD MAKE EVERY EFFORT TO COMPLETE COORDINATION OF PROJECTS WITH ALL OF THE REPUBLICS IN TIME FOR JULY 16 BOARD MEETING. SINCE SUTLOVIC, FAISECTC AMERICAN DESK OFFICER, NOW IN WASHINGTON, PERHAPS DEPARTMENT COULD INFORMALLY DISCUSS WITH HIM ADMINISTRATIVE PROCEDURES THEREBY SAVING

INTERNATIONAL TRAVEL FUNDS.

4. ACTION REQUESTED: (A) APPROPRIATION NUMBERS URGENTLY NEEDED
SO THAT VOUCHERS CAN BE PROCESSED TO MAKE DEPOSIT TO JOINT FUND
BEFORE JUNE 30; (B) INSTRUCTION ON HOW FUNDS SHOULD BE DEPOSITED
AND

ACCOUNTS SET UP AMONG THE THREE ALTERNATIVES INDICATED IN
PARA 2; (C) INSTRUCTION ON WHETHER DEPARTMENT STILL DESIRES
JULY 16 MEETING; (D) AMENDMENT OF SCIENCE ATTACHE' S CURRENT
HOME LEAVE ORDERS TO PERMIT TRAVEL NEXT FISCAL YEAR IN EVENT
DEPARTMENT WANTS TO PROCEED WITH JULY 16 MEETING.

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*** Current Classification *** LIMITED OFFICIAL USE

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